

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-20 STR-08 CEA-02 PA-04

PRS-01 USIA-15 DRC-01 /163 W
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R 171434Z JAN 74

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 7348

INFO /USDOC WASHDC

AMEMBASSY MOSCOW

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

/USMISSION BERLIN 1291

AMCONSUL POZNAN

AMEMBASSY VIENNA

C O N F I D E N T I A L WARSAW 0354

E.O. 11652: GDS

TAGS: ETRD, PFOR, BCOM, XH

SUBJECT: ACTIVITIES OF PULLMAN, INC., IN COMECON AREA

COMMERCE FOR BEWT; VIENNA FOR EWTC

(THE FOLLOWING REPORT MAY DUPLICATE IN PART OR AS A WHOLE REPORT
ING ON THIS SUBJECT FROM EMBASSY MOSCOW.)

1. SUMMARY: VISITING WARSAW AFTER MOST SUCCESSFUL TRIP
TO USSR WITH PULLMAN, INC., PRESIDENT SAM CASEY, E.S.
HAYNES OF PULLMAN DIVISION SWINDELL-DRESSLER INFORMED
EMBASSY OFFICERS OF PULLMAN'S CURRENT ACTIVITIES IN
COMECON COUNTRIES. WHILE IN MOSCOW, CASEY MET WITH
PREMIER KOSYGIN, FOREIGN TRADE MINISTER PATOLICHEV, AND
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OTHER HIGH OFFICIALS. TALKS LEFT IMPRESSION ON HAYNES
THAT USSR STRONGLY APPROVED OF PULLMAN'S ACTIVE BUSINESS

IN POLAND. HAYNES ALSO STATED THAT SOVIET OFFICIALS, INCLUDING KOSYGIN, MADE "SNIDE" REMARKS ABOUT ROMANIA AND IMPLIED THAT PULLMAN SHOULD AVOID DOING BUSINESS IN ROMANIA SO AS NOT TO JEOPARDIZE FIRM'S POSITION IN USSR. END SUMMARY.

2. BACKGROUND: ACCORDING TO HAYNES, PULLMAN WAS FIRST US COMPANY ACCREDITED BY SOVIET MINISTRY OF FOREIGN TRADE AND OPENED MOSCOW OFFICE ABOUT 18 MONTHS AGO. SWINDELL-DRESSLER HAS \$420 MILLION CONTRACT FOR CONSTRUCTION OF FOUNDRIES AT KAMA RIVER. M.W. KELLOGG DIVISION NEGOTIATING POSSIBLE \$160 MILLION CONTRACT FOR FERTILIZER PLANTS IN USSR. IN POLAND, SWINDELL-DRESSLER HAS \$42 MILLION CONTRACT FOR GRAY IRON FOUNDRY FOR MACHINE TOOL INDUSTRY AND EXPECTS TO CONCLUDE \$150 MILLION CONTRACT FOR FOUNDRIES FOR STOLOWA WOLA COMPLEX (WHICH IS PARTNER WITH INTERNATIONAL HARVESTER AND CLARK EQUIPMENT IN LONG-TERM CO-PRODUCTION CONTRACTS). PULLMAN RECENTLY RECEIVED ACCREDITATION FOR OFFICE FROM POLISH MINISTRY OF FOREIGN TRADE AND EXPECTS TO ASSIGN AMERICAN PULLMAN OFFICIAL TO HEAD WARSAW OFFICE. ALTHOUGH MOST PULLMAN BUSINESS IN COMECON NOW HANDLED BY SWINDELL AND KELLOGG, HAYNES SEES LONG-TERM POSSIBILITIES FOR PULLMAN STANDARD DIVISION (RAILROAD CARS) AS "UNLIMITED".

3. CASEY VISIT TO USSR: PULLMAN PRESIDENT CASEY VISITED USSR WEEK OF JANUARY 7, CALLING ON OFFICIALS IN MOSCOW AND VISITING KAMA RIVER SITE. IN MOSCOW, CASEY MET WITH PATOLICHEU AND OTHER MINISTERS AND HAD FORTY-MINUTE CONVERSATION WITH KOSYGIN. FIVE MINUTES OF THIS CONVERSATION, ALL OF WHICH WAS TAPED, APPEARED ON SOVIET TELEVISION NEWS. HAYNES DESCRIBED VISIT AS "TRIUMPH FOR PULLMAN, INC., PERSONAL TRIUMPH FOR CASEY."

4. HAYNES SAID THAT TITLE IV OF TRADE BILL AND PULLMAN ACTIVITIES IN EASTERN EUROPE WERE IMPORTANT SUBJECTS OF DISCUSSION IN MOSCOW. ON TITLE IV, HAYNES SAID CASEY WAS CARRYING MESSAGE FROM KOSYGIN TO PRESIDENT NIXON. ON
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EASTERN EUROPE, HAYNES SAID KOSYGIN WAS DELIGHTED TO LEARN OF PULLMAN'S PLAN TO OPEN OFFICE IN WARSAW AND ENCOURAGED CASEY TO MEET PRIME MINISTER JAROSZEWICZ DURING VISIT TO POLAND, NOW TENTATIVELY PLANNED FOR EARLY MARCH. ALTHOUGH PULLMAN WAS ENCOURAGED TO DO BUSINESS IN POLAND, BULGARIA AND EAST GERMANY, HAYNES REPORTED THE SOVIET OFFICIALS, INCLUDING KOSYGIN, SHOWED CONTEMPT FOR ROMANIA AND WERE CAREFUL TO LEAVE CASEY WITH IMPRESSION THAT DOING BUSINESS IN ROMANIA COULD HAVE SERIOUS ADVERSE EFFECTS ON PULLMAN'S POSITION IN USSR.

5. CASEY VISIT TO WARSAW: TENTATIVE PLANS ARE BEING MADE FOR A VISIT BY CASEY TO WARSAW IN EARLY MARCH, FOLLOWING MEETING OF US-USSR JOINT CHAMBER IN NEW YORK IN LATE FEB. CLARK LATTIN, PRESIDENT OF M.W. KELLOGG, AND DONALD STINGEL, PRESIDENT OF SWINDELL-DRESSLER, WOULD PROBABLY ACCOMPANY CASEY. IT IS POSSIBLE THAT \$150 MILLION CONTRACT WITH BUMAR FOREIGN TRADE ENTERPRISE, DESCRIBED IN PARA 2 ABOCE, WOULD BE SIGNED DURING THAT VISIT. POLISH MINISTRY OF FOREIGN TRADE OFFICIALS INDICATED THAT A MEETING WITH PRIME MINISTER JAROSZEWICZ WOULD BE A LIKELY EVENT IN CASEY'S PROGRAM

6. COMMENT: THIS IS FIRST WE HAVE HEARD OF SOVIET PRESUURE ON AMERICAN COMPANIES TO AVOID DOING BUSINESS IN ROMANIA. RECENT SIGNING OF LARGE CONTRACT BETWEEN SOVIETS AND CONTROL DATA CORPORATION, WHICH PARTICIPATES IN JOINT VENTURE IN ROMANIA, MAY INDICATE THAT SUCH PRESSURE IS ONLY BLUFF, BUT IT IS A BLUFF WHICH PULLMAN AT LEAST DOES NOT INTEND TO CALL. GIVRN SIZE OF SOVIET MARKET IN RELATION TO ROMANIA, WE DO NOT DOUBT THAT SOVIETS COULD, IF THEY CHOSE, APPLY SUCH PRESSURE WITH LARGE MEASURE OF SUCCESS AND DETER MANY US FIRMS FROM CONSIDERING LONG-TERM AGREEMENTS WITH ROMANIAN PARTNERS. END COMMENT.
DAVIES

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